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1. The Soviets have initiated a new policy vis-a-vis the United States, Britain, and the Nanking Government. To eliminate dissensions among Soviet officials in China and assure unified action, there will be drastic changes in the personnel and menagement of local Soviet missions. Officially the Shanghai Soviet Community is led by the activists, approximately a hundred ardent young Soviet subjects who are under the direct supervision of Sergeyev, Shanghai Vice Consul in name, but actually head of the Soviet Community in Shanghai. Recently, especially since the arrival in Shanghai of the Soviet delegation to the United Nations Conference for the Far East, a feverish activity among local Soviet officials has been noted. Many night conferences, attended by members of the Soviet UNEC Delegation headed by A. Stetsenko, have been held at the Soviet Consulate. Full details of these conferences are not known, but they have resulted in the release of new instructions to the Shanghai Soviet Community.

2. After the conferences with Stetsenko, Soviet Consul General Halin invited local Soviet Leaders to the Consulate and instructed them as follows:

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(a) Soviet officials in Shanghai should be prepared to take care of some hundred Soviet subjects, mostly women and children, from Manchurla and North China, as the situation in that area is critical. Soviet subjects in Changchun must be instructed to leave at once, especially women and children. Only needed personnel should remain.

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- (b) The Shanghai Soviet population must be instructed that the Soviet Consulate will not favorably consider travel to North China. In Peiping and Tientsin a plan has been worked out for special safety zones for Soviet subjects in case of emergency.
- (c) These instructions must be delivered to the Soviet Community without causing speculation or alarm. Soviet officials can present the whole case as proof that the Soviet Government knows how to meet a new situation and how to defend its interests.
- (d) Halin made it clear that the USSR has decided on an active policy of counter action vis-a-vis the Nanking Government and the United States.

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SECTION CONTROL
U.S. OFFICIALS UNIX
CENTRAL INTELLIGENCE GROUP

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During the absence of Ambassador Petrov, who is in Moscow, Soviet officials in China will remain on the defensive, resorting only to verbal protests and representations. It is still too early to say whether Petrov will return (see paragraph 5). Keeping the Ambassador away from China gains time for the Soviets and enables them to avoid direct contact with the Chinese Central Government on matters of political importance; it also underscores Moscow's displeasure with China's policy toward the USSR. (Shanghai note: Another source quotes Yakshamin of TASS as saying, "The official reason for Ambassador Petrov's departure was ill health; unofficially, his departure is the forerunner of a drastic change in Soviet Far East policy, and therefore his return is uncertain. Bogolomov, present Soviet Minister to France, may replace him in the Far East." Rogov, head of TASS, also stated to source at a later date that Bogolomov may be sent to the Far East.)

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- It is well known in the Shanghai Soviet Community that the relationships between TASS and other Soviet organizations in Shanghai, such as the Soviet Consulate and Torgpredstvo, are not cordial. Even personal relationships within the TASS staff and between the staff and the Consulate have always been tense and formal. The personal relations between Rogov and Yakehamin have been unfriently since Rogov's arrival. The main cause of these differences is the policy of TASS regarding the Chinese press and official Chinese circles. Yakshamin considers himself better qualified than Rogov for the Chinese part of TASS work regarding expansion, collaboration, and the selection of personnel for the thinese section of TASS. Yakshamin takes the view that Chinese personnel should be selected by utilizing all existing official and secret services available to the Soviets for checking. He is opposed to Rogov's appointment of his old Chinese collaborators, of whom Yakshamin is suspicious. Yakshamin's excellent relations with the local Soviet Consulate and Torgoredstvo are highly regarded by most Soviet officials in Shanghai. Rogov, who has many years of service in China, is regarded as an outstanding authority on the Chinese press and Chinese culture. His favorable relations with the Chinese and foreigners in China and his advantageous social position are well known. Because of the disapproval of Yakshamin, Rogov has been obliged gradually and nearly completely to discontinue his personal social functions; as a result, personal sources of information have been lost and TASS information is based mostly on the usual news from its staff. In many instances the Office of the Soviet Military Attache, Torgpredstvo, and the Soviet Consulate have been better informed than TASS even in direct press matters. Yakshamin has blamed Rogov because he terminated his personal work among Chinese circles; Rogov insists that Yakshamin, Consul General Halin, and Arinichev of Torgpredstvo have blocked his contacts with the hinese.
- 4. There is also a conflict between Halin and Rogov regarding the Shanghai Soviet Community. Rogov, as formal head of TASS, is directly responsible for the local Soviet press, the Soviet radio station (when it was operating), and cultural and political propaganda work within and through the local Soviet community. On these activities TASS spent huge sums of money. Halin interfered and took over all affairs dealing with the local Soviet population except newspapers and "special relations on a paid besis", which remained under Rogov's control. As a result of this division of responsibility a split developed among the members of the Shanghai Soviet Citizens' Association, which Halin, in his position as Soviet Consul General, made no effort to bridge. Rogov considered that the usefulness to the USSR of the local Soviet community and the Soviet Citizens' Association was nullified by these dissensions, and appealed to Moscow for action.
- 5. Yakshamin expects drastic changes in Soviet personnel in China. General Roschin, Soviet Military Attache, who has used people without the approval of Rogov or Yakshamin and is involved in local conflicts, will soon be recalled to Moscow.

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As Ambassador Petrov was considered only a figurehead, his trip to Moscow is important only because it indicates a change of Soviet policy. Petrov took with him the details of these conflicts, and Rogov, Yakshamin, Roschin, and Arinichev will probably be affected by his report to Moscow.

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- N. Zefirov, former Chairman of the Shanghai Soviet Citizens' Association, admits that he is being dispatched to the USSR and that Miheyev, Director of the Moscow Narodny Bank in Shanghai, and some Polish officials will soon be recalled to the USSR. Miheyev has been in China for a long time and deserves a rest and a change. Officials of the Moscow Narodny Bank in Shanghai are limited in their actions and decisions by the local office of Torgpredstvo, as they work under its direct control. Zefirov especially is blamed for inefficiency, faulty analysis of the Shanghai economic situation, and too much talk with "outsiders". He is willing to re-25X1A turn to the USSR; his son is already there. (Shanghai note: states that Zefirov will be assigned to a special mission in Khabarovsk for handling the mass exodus of Soviet citizens from China.)
- A high-ranking Soviet official (name and position unrevealed) stated that Moscow has decided to adopt a policy of taking the offensive with the purpose of provoking a crisis of such magnitude that "actual clouds of war will seem to be hanging over the people of the world; then Moscow will find out the real situation; it will never be too late to retreat." In China as well as in the entire Far East Moscow will prepare the stage for the performance of power politics; the United States and Britain must now face the fact that Moscow will not surrender her claims in China, Japan, and Korea without daring resistance. Moscow feels that under a real danger of an open clash the "nited States and China will finally yield to a Moscow compromise and give full consideration for a special USSR position and voice in Far Eastern affairs.
- 8. The opinion prevails among Shanghai Soviet leaders that soon an important change will take place in the situation in China and that the Soviet population in Shanghai will be called upon for important duties. Along this line, Soviet leaders have started a campaign to intimidate former White Russians who have not obtained Soviet papers to apply for Soviet citizenship, warning these Russians that the time is approaching when they will face the danger of mass annihilation. The atmosphere of danger and tension now surrounding the Shanghai Soviet community has been deliberately created by local Soviet leaders.

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9. N. Zefirov states that radical changes in the plan for using the Shanghai Soviet population have been carefully worked out.

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